

CITY OF HAYWARD
AGENDA REPORT

AGENDA DATE	<u>10/09/01</u>
AGENDA ITEM	<u>6</u>
WORK SESSION ITEM	<u> </u>

TO: Mayor and City Council

FROM: Finance and Internal Services Director

SUBJECT: Authorization to Retain Consultants to Examine Feasibility of Forming a Community Facilities District

RECOMMENDATION:

It is recommended that Council adopt the attached resolution authorizing the City Manager to contract with various consultants necessary to the review of a request by a developer to form a Community Facilities District (CFD).

DISCUSSION:

As previously reviewed with Council, Duc Housing Partners, Inc., has submitted a request to form a CFD with respect to the Oliver East property. In order to evaluate the request, an analysis must be made to determine if the proposed CFD meets the City's statement of Local Goals and Policies for the formation of Community Facilities Districts. This analysis will examine several financial issues such as property value, tax levels and the rate at which the project will be developed.

In order to complete this analysis and report the findings to Council, it is necessary to retain several consultants with specialized knowledge and credentials. In conjunction with that report staff will also make a recommendation as to whether or not to proceed with the formation of the CFD. Staff will also address the issues raised by Council at the October 2, 2001 meeting when it introduced an ordinance regarding CFDs.

Accordingly, attached for Council's consideration is a resolution authorizing the City Manager to execute contracts with a special tax consultant, bond counsel, financial advisor, appraiser and absorption study consultant in connection with the Duc Housing Partners, Inc. request to form a CFD. The cost of the consultants will be borne entirely by the applicant.

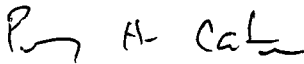
The financial advisor that the City is recommending is Kelling, Northcross & Nobriga. This firm is currently serving as the City's financial advisor on a bond issue previously authorized by Council and was selected by an earlier competitive process. The bond counsel being recommended by staff is Jones Hall. This firm is very experienced and knowledgeable in this specialized area and has served as bond counsel for the City on several debt financings. The City has not yet selected a special tax consultant, appraiser or absorption study consultant. The process which staff will follow in selecting these consultants will be to first obtain the names of

three to five firms that are known to the investment community. Staff will then obtain proposals from the selected firms and based on that information and make a final selection.

The work that is to be done by the consultants is in direct response to the City's Local Goals and Policies and will produce the information called for under the newly developed regulations approved by the Council. In addition, and as contemplated by the City's policy, the consultant's reports will provide independent and objective information to the City with respect to the proposed CFD.

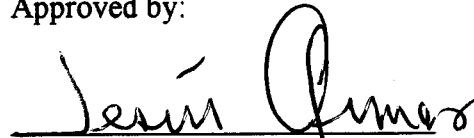
It is anticipated that the staff will return to Council with a report and recommendation within 60 days.

Recommended by:



Perry H. Carter, Finance & Internal Services Director

Approved by:



Jesús Armas, City Manager

DRAFT
HAYWARD CITY COUNCIL

RESOLUTION NO. _____

Introduced by Council Member _____

**RESOLUTION AUTHORIZING THE CITY MANAGER TO
EXECUTE CONTRACTS WITH VARIOUS CONSULTANTS
IN CONNECTION WITH THE COMMUNITY FACILITIES
DISTRICT FOR THE OLIVER EAST PROPERTY**

WHEREAS, the City intends to undertake proceedings pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, for the financing of certain public facilities; and

WHEREAS, the public interest and convenience will be served by appointing and employing a special tax consultant, attorney, financial advisor, appraiser and absorption study consultant for the preparation and conduct of the proceedings and the issuance of bonds, all of such consultants to perform their respective services pursuant to written agreements which the City Manager is hereby authorized to negotiate and execute on behalf of the City, in a form approved by the City attorney; and

WHEREAS, the applicant for any CFD will bear the cost associated with the retention of legal and financial consultants.

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Hayward that the City Manager is hereby authorized and directed to negotiate and execute on behalf of the City of Hayward, contracts with a special tax consultant, bond counsel, financial advisor, and appraiser in connection with Duc Housing Partners, Inc. request to form a Community Facilities District.

IN COUNCIL, HAYWARD, CALIFORNIA _____, 2001

ADOPTED BY THE FOLLOWING VOTE:

AYES: COUNCIL MEMBERS:

MAYOR:

NOES: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ATTEST: _____
City Clerk of the City of Hayward

APPROVED AS TO FORM:

City Attorney of the City of Hayward